Message Text

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PAGE 01 CARACA 04150 051503Z ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15 /106 W

-----026834 051538Z /45

P R 051352Z MAY 78 FM AMEMBASSY CARACAS TO SECSTATE WASHDC PRIORITY 2178 INFO AMCONSUL RIO DE JANERIO PRIORITY NSC WASHDC

CONFIDENTIAL CARACAS 4150

STR FOR AMBASSADOR WOLFF

NSC FOR ERB

RIO DE JANERIO FOR LANDE AND ROSENBAUM

E.O. 11652: GDS TAGS: BEXP VE ETRD

SUBJECT: VENEZUELAN IMPORT RESTRICTIONS

REF: (A) CARACAS 3597 (B) CARACAS 3128 (C) CARACAS 3088

1. IN A FURTHER EFFORT TO DETERMINE THE IMPACTOF THE IMPORT RESTRICTIONS ON U.S. EXPORTS TO VENEZUELA, THE AMBASSADOR AND EMBASSY OFFICERS HAD AN EXTENSIVE DISCUSSION WITH VICE PRESIDENT FIGUEREDO AND HIS DEPUTY SALAZAR CUERVO. FIGUEREDO VERY CANDIDLY STATED HIS VIEW AT THIS POINT THAT THE RESTRICTIONS WILL HAVE PRIMARILY A PSYCHOLOGICAL EFFECT. HE LEFT A DEFINITE IMPRESSION THAT HE EFFECT ON THE PHYSICAL FLOW OF GOODS INTO VENEZUELA WOULD BE MODEST, SUBSTANTIALLY CONFIDENTIAL

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LESS THAN \$500 MILLION. THE MAJOR PART OF THE ACTUAL IMPORT RESTRICTIONS THAT DO OCCUR WOULD BE IN THE IMPORTS BY GHE PUBLIC SECTOR OVER WHICH ICE CAN EXERCISE MORE CONTROL AND ABOUT WHICH THERE SHOULD BE LESS OUTCRY FROM THE PRIVATE SECTOR. THE CONTROLS WOULD ALSO SERVE TO PUT IMPORTERS IN THE PRIVATE SECTOR ON NOTICE TO EXERCISE MORE RESTRAINT.

2. FIGUEREDO'S MODERATE APPRAISAL, NOW THAT THE RESTRICTIONS HAVE BEEN IN EFFECT FOR SOME WEEKS AND SOME OF THE EMOTIONS HAVE SUBSIDED, INOUR OPINON REPRESENTS A MORE ACCURATE AND REALISTIC VIEW. THIS ESTIMATE ON THE PART OF THE GOV'S MOST KNOWLEDGEABLE AND AUTHORITIATIVE TRADE OFFICIAL EASES OUR CONCERN SOMEWHAT ABOUT POSSIBILE LOSS OF EXPORTS AND SHOULD BE USEFUL TO STR IN THEIR TALKS WITH FIGUEREDO AND OTHER TRADE OFFICIALS MAY 10 IN CARACAS.

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Message Attributes

Automatic Decaptioning: X Capture Date: 01 jan 1994 Channel Indicators: n/a

Current Classification: UNCLASSIFIED

Concepts: IMPORT CONTROLS, DIPLOMATIC DISCUSSIONS

Control Number: n/a Copy: SINGLE Draft Date: 05 may 1978 Decaption Date: 01 jan 1960 Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 20 Mar 2014 Disposition Event: Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978CARACA04150
Document Source: CORE

Document Unique ID: 00 Drafter: n/a

Enclosure: n/a Executive Order: GS Errors: N/A

Expiration:

Film Number: D780192-0569

Format: TEL From: CARACAS Handling Restrictions: n/a

Image Path:

ISecure: 1 Legacy Key: link1978/newtext/t19780590/aaaacyus.tel

Line Count: 73 Litigation Code IDs: Litigation Codes:

Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM

Message ID: b1dccba3-c288-dd11-92da-001cc4696bcc

Office: ACTION EB

Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a

Page Count: 2
Previous Channel Indicators: n/a Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 CARACAS 3597, 78 CARACAS 3128, 78 CARACAS 3088

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags:

Review Date: 15 jul 2005 Review Event: Review Exemptions: n/a **Review Media Identifier:** Review Release Date: n/a Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 2784703 Secure: OPEN Status: NATIVE

Subject: VENEZUELAN IMPORT RESTRICTIONS TAGS: BEXP, ETRD, VE, US, (FIGUEREDO, REINALDO)

To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/b1dccba3-c288-dd11-92da-001cc4696bcc

Review Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

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